Royal Trust
75th Annual Report
1974

AR02

Contents

Financial Highlights 1

Report to the Shareholders 2

Consolidated Financial Statements
- Balance Sheet 12
- Profit and Loss Account 14
- Retained Earnings Account 15
- Contributed Surplus Account 15
- Auditors' Report 15
- Notes to Financial Statements 16

Ten-Year Review 18

Board of Directors 20

Executive Officers 20

Advisory Boards 21

Offices and Managers 22

75 Years — A Thumbnail Sketch 24

The Royal Trust Group 28

Services Royal Trust provides

Le secrétaire, au siège social, vous fera volontiers parvenir un exemplaire du rapport annuel en français, sur demande.

75th Annual Report of The Royal Trust Company for the Year Ended 31st December, 1974

(Consolidated Operations)

75th Annual
General Meeting
Montreal
Thursday
27th February 1975

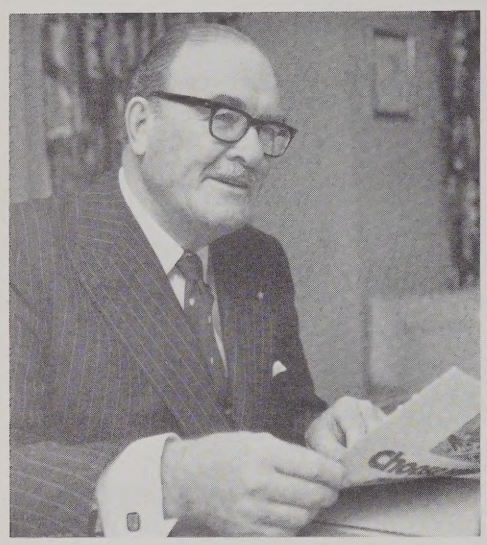
Financial Highlights

(Dollars in thousands, except per share amount)	1974	1973
Gross income	$ 368,410	$ 261,527
Net operating profit	$ 13,937	$ 14,246
Net operating profit per share	$ 1.35	$ 1.40
Companies' and Guaranteed Account assets	$ 3,121,967	$ 2,658,959
Estimated market value of Estates, Trusts and Agency Accounts under administration	$10,477,000	$11,371,000
Total assets under administration	$13,598,967	$14,029,959

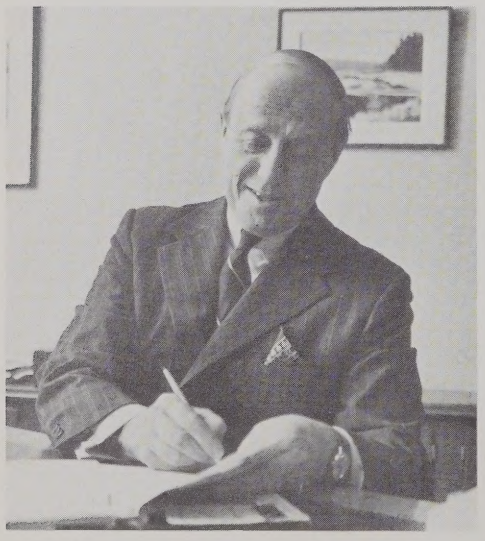
Our cover

Reflections in the face of the special medallion struck to mark Royal Trust's 75th anniversary symbolize the Company's service to people in all walks of life through those first 75 years.

The medallion, pictured in actual size on the back cover, was produced in a limited edition as a memento for staff, pensioners, Directors and Advisory Board members. It bears Royal Trust's widely-known modern "logo" on one side and the Company's original and still official corporate seal on the other.



Conrad F. Harrington,
Chairman of the Board
and
Chairman of the Executive Committee



Kenneth A. White,
President
and
Chief Executive Officer

It is a pleasure to present the Company's 75th annual report, for the year ended December 31, 1974.

In addition to reporting on our operations and results for our 75th year, we are presenting elsewhere in this report a brief story of the Company's beginnings, and its progress, growth and achievements over its first 75 years.

The story of Royal Trust is how the Company has adapted and responded to changing needs of our existing and potential clients as Canada has developed, its population multiplied, its wealth increased and spread, its social and business environment ever-changing. The Company's response to these requirements is reflected in the additional number and extension of its facilities, with a substantial increase in the number and variety of services, both personal and corporate.

By its own capacity to change, Royal Trust has turned the challenge of a changing Canada, indeed, a changing world, into opportunities to serve the community and thus to grow. As the years ahead bring new conditions, new requirements, Royal Trust will continue to offer the responsive and responsible service that has raised it to its present position as the largest trust Company in Canada and a Canadian presence on the international scene.

The story of Royal Trust is also the story of people – people serving people. The Company's growth and progress over the past 75 years reflect the quality of the thousands of men and women who comprised its staff, past and present, – their skill, their interest, their dedicated effort. The Company's performance for 1974 is a tribute to the staff, and to them we extend, on your behalf, and our own, a sincere vote of thanks.

Financial Results

In the face of an economic climate unfavourable to operations of financial institutions generally, the Company's results for 1974 surely must be considered most gratifying.

As shown in the financial statements, 1974 net operating profit of $13,937,000, or $1.35 per share, represents a slight decrease from 1973 profit of $14,246,000, or $1.40 per share.

This is the Company's first decline in net operating profit in 15 years. It should be noted, however, that without the federal government's retroactive 10% surcharge on corporate profit for a one year period commencing 1st May, 1974, Royal Trust's net operating profit for 1974 would have exceeded 1973's by a small margin. The surcharge, amounting to $564,000, or 5 cents per share, was recorded entirely against 4th quarter earnings, which otherwise would have been the highest on record for the Company.

From the Statement of Consolidated Profit and Loss, you will note only modest increases in some categories of fee revenue. In the case of "Estates, Trusts and Agencies" and "Stock Transfer Agencies and Bond Trusteeships", this is the result of reduced activity and lower valuations in the securities markets. Fees for "Mortgage Administration" increased by only 6% compared with 17% the previous year, reflecting diminished demand by institutional investors for mortgages, particularly on commercial and industrial properties.

Economic conditions in 1974 also resulted in the first decline in total value of our pooled funds for individuals. The resulting decline in fees from this source was, however, more than offset by administration fees earned from our sponsorship with the Bank of Montreal of BM-RT Realty Investments. In 1974 the Company benefited from a full year's administration of BM-RT, the net result being an increase of 6% in "Managed Funds" fees.

On the brighter side, substantial increases were recorded in fees from real estate sales, notwithstanding a gradual slowing down in the real estate field in the second half of the year as inflation and the high cost of money began to affect the housing industry as a whole. Record "Real Estate Sales" in the first half contributed to the 41% increase in gross commissions for the year.

A very busy place always is Toronto Branch's Securities Trading Department on the 24th floor of Royal Trust Tower.

Also, while unfavourable securities market conditions were reflected in pension asset values and, consequently, fee income, growth in the Company's pension trust function was, on the whole, substantial. This new business, together with additional contributions to existing pension trusts, and fee adjustments, resulted in an overall increase of 26% in fees from "Pension Trusts and Institutional Accounts" compared to the year before.

The fee category "Miscellaneous" includes our commissions as a selling and an issuing agent for Canada Savings Bonds. The 1974 series was well received and fees reached a new high.

In our "Money Operations", the pressure on the interest spread (return on investments less interest paid on deposits and borrowings) which commenced in mid-1973 continued into late 1974. Record interest rate levels were reached in 1974, as illustrated by the chart on page 4. The potential negative impact of this declining interest spread on our income was more than offset by a substantial growth in total deposits and borrowings, which resulted in a 10% increase in net investment income.

Operating expenses, excluding interest paid, increased by 24%. The principal reason was a continuation of highly inflationary conditions, with increased costs in almost every aspect of our operations. Another contributing factor was the continued expansion of our branch system, particularly in our real estate sales and money services operations. One impact of inflation is reflected in the fact that although total salaried staff increased in numbers by only 3%, their total compensation, including benefits, was up by 19%.

The effective tax rate on operating profit for 1974 declined to 45.5% from 47.5% in 1973, notwithstanding the new 10% surcharge in 1974 mentioned earlier. This is the result of two factors – the annual reduction of 1% in the basic Canadian tax rate applicable over the years 1973 to 1977, and a higher portion of 1974 income being earned from tax-exempt securities.

A sharp decline in property values and economic deterioration in the U.K. has resulted in difficulties for real estate developers there and consequently some commercial loans recorded in the accounts of our U.K. subsidiary are in default. A special provision of $709,000 to cover possible losses is included in the net loss on investments of $1,211,000 shown in the Statement of Consolidated Profit and Loss. The remainder includes: net gains of $176,000 on sale of securities; loss adjustment of $127,000 on foreign exchange conversions; $77,000 losses realized plus $474,000 anticipated on our Canadian mortgage portfolio of almost $2 billion.

The total of $3.1 billion of assets as shown by the balance sheet is a new record. It is interesting to note that it took 68 years for us to reach the first $1 billion, four years to reach the second and slightly less than two to reach the third.

In addition to the balance sheet assets, the estimated value of Estates, Trusts and Agency Accounts under administration at the 1974 year-end amounted to $10.5 billion, a decline of 8% from the year before. This decline, also reflecting lower valuations in the securities market during the year under review, was offset to a large degree by growth in new business.

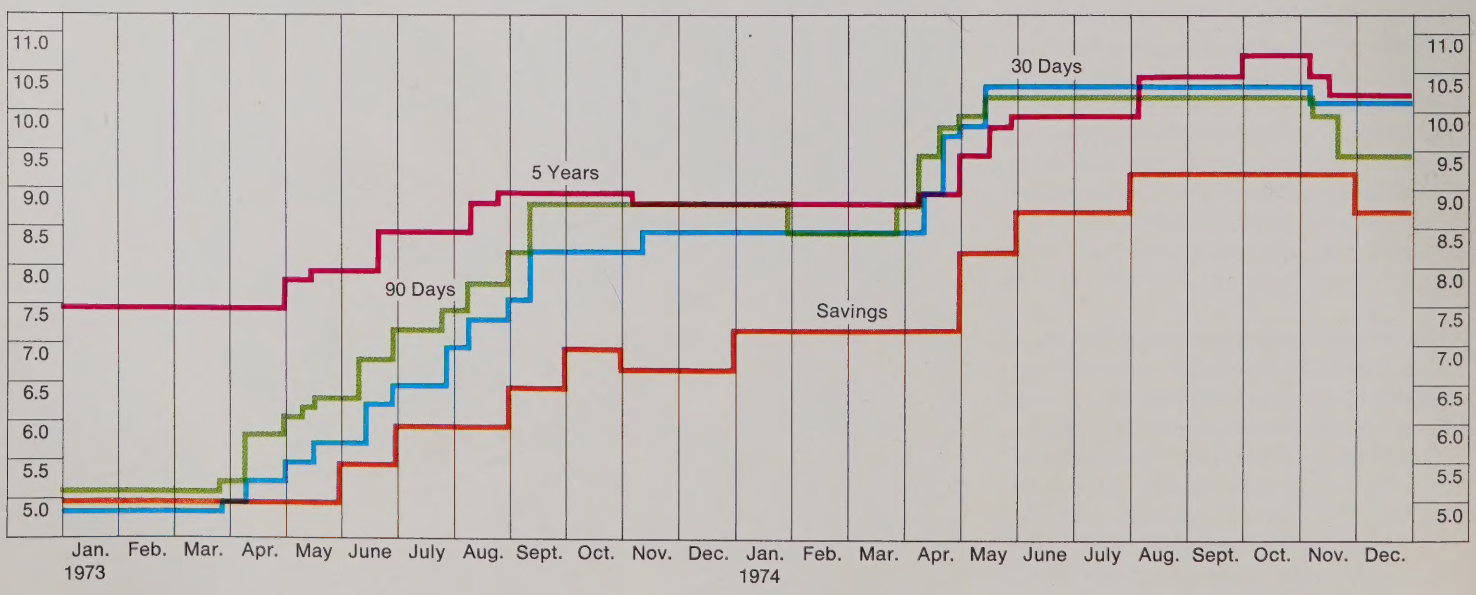
Royal Trust shared in the financing of two of Air Canada's new L 1011 Tri-Star jets under a leasing arrangement new in Canada.

The schedule of "Maturities of Investments" on page 10 showing approximately 37% of investments maturing within a year reflects the continuation of our policy of maintaining a strong degree of liquidity.

In view of the modest decline in earnings and the economic uncertainties still facing us, the Directors have decided to maintain the regular dividend at the current quarterly rate of 22½ cents. This will be the first year since 1962 that our dividend rate has not been increased. However, it is felt that the current annual dividend of 90 cents, amounting to 66% of our 1974 operating earnings, represents a fair distribution.

As outlined in the 1973 report, and as approved by the shareholders at the Annual Meeting in February 1974, the Company's shares were re-designated as A shares and a new class, B shares, was created. Shareholders now have the option of interchanging A and B shares, the latter commonly referred to as "tax-free dividend shares".

Rates of interest paid on Deposits in Guaranteed Accounts 1973-1974 (Percent)



Attractive premium offers brought hundreds to the company's new office in Niagara Falls on opening day.

The first sod is turned for the new Royal Trust Building in London, Ontario, by Mayor Jane Bigelow, assisted by Jerry Aarts, operator.

Directors, Advisory Boards, Executive Officers

We were saddened by the death on 19th February, 1974, of H. Greville Smith, C.B.E., a Director of the Company since 1957 and subsequently a vice-president and a member of the Executive Committee. He took a deep interest in the affairs of the Company and his wise counsel and his friendship are greatly missed.

We regret the resignation of J. Richard Murray, a director since 1970, but congratulate him and wish him well on his appointment as chairman of the new Foreign Investment Review Agency of the Canadian government.

It is with pleasure that we welcome to the Board Joseph S. Land, President, IAC Ltd., and John D. Allan, Executive Vice-President, The Steel Co. of Canada, Ltd.

As part of the program to mark the Company's 75th anniversary, your directors held Board meetings in Vancouver, Halifax and Edmonton for the first time, and in Toronto. The Executive Committee met in Ottawa and members of the Executive Committee went to Quebec City for a special function there as part of our celebrations. Members of all our Advisory Boards across Canada participated in these functions.

We record with regret the death of John A. Boyd and Leonard D. Griffiths, members of Toronto Advisory Board since 1956 and 1967 respectively; John H. Stevens, member of the London, Ont. Board since 1952, and William G. Quinn, a member of New Brunswick Board since 1965.

We were sorry to lose the following members through resignation: Rupert W. Bartlett, Q.C., from our Newfoundland Board on his appointment to the Bench; William G. Tamblyn, LL.D., from Thunder Bay Board; J. Richard Murray, from Winnipeg Board for the reason noted before and Robert B. Taylor, from Toronto Board on becoming Chairman of Ontario Hydro. We are indebted to these gentlemen for their assistance and support over the years.

We welcome the following: in London, England, David Forsyth, as a Director of our English subsidiary; in Canada, John J. Murphy and Ian J. Reid, to the Newfoundland Board; Hervé Baribeau, Jacques de Billy, Q.C. and Jean A. Pouliot, the Quebec Board; R. A. Cranston, Q.C., LL.D., and L. A. Kaake, F.C.A., the Toronto Board; and G. W. Staseson, the Regina Board. In Windsor, due to the growth of our business, a new Advisory Board was formed, comprising Charles J. Clark, Q.C., A. E. Downing and R. F. Kiborn, Q.C., with the Branch Manager, W. D. Gordon, as Chairman.

Within the Company, R. J. Wilson, who is also a Director, was appointed Group Vice-President, Real Estate and Mortgages; K. C. Pilley, Group Vice-President, Regional Operations; F. R. Lindsay, Vice-President, Real Estate, and C. M. Root, Vice-President, Sales and Marketing. G. R. Otley, formerly Vice-President, Pension Trust Services, was appointed Executive Vice-President of Computel Systems Ltd., in Ottawa, remaining as a Vice-President of Royal Trust.

General

The year 1974 was an active one for the Company, aside from the many special activities in connection with its 75th anniversary.

Four new savings and money services offices were opened, in Edmonton, Halifax, Kerrisdale (Vancouver), and Niagara Falls. Ten new real estate sales offices were opened across Canada. Our premises in a number of centres were expanded or re-located to better handle growth in business. Such moves included that of our main Edmonton office into the new Royal Trust Tower in Edmonton.

Growth of our business in Western Canada led to the decision to divide Western Region into two new Regional areas: Western Region, comprising offices in Manitoba, Saskatchewan and Alberta, with Headquarters in Edmonton; and Pacific Region, comprising our offices in British Columbia, and with Headquarters in Vancouver.

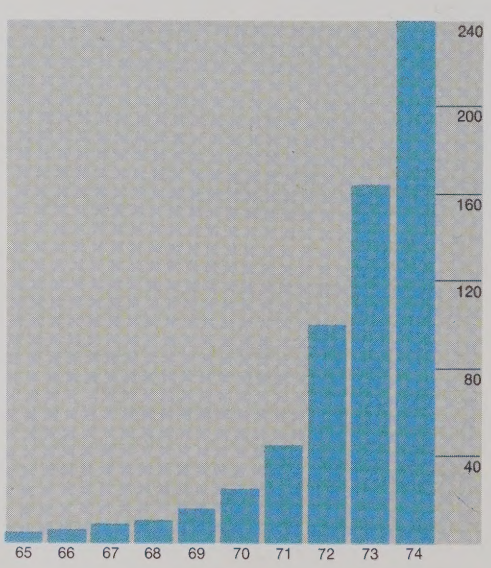
In Florida, expansion and modernization of premises owned by our subsidiary, Inter National Bank of Miami, were commenced, with completion expected in 1975. In addition, a new drive-in banking facility one mile away from the main office is also scheduled for 1975. Also in Florida, we entered into negotiations with the majority shareholders for acquisition of the American Bank of Lakeland, hopefully in 1975. Lakeland is situated in Polk County, mid-way between Tampa and Orlando.

At St. Helier, in Jersey, the Channel Islands, our new building was completed and our staff there is once again under one roof.

During the year our Canadian computer processing operations, excluding systems design and programming, were transferred to the computers of Computel Systems Ltd., in Ottawa. In conjunction with Royal Trust's branch system, Computel has established a coast-to-coast network of high-speed teleprocessing terminals in all the major cities of Canada and now has the facilities to better serve customers with national operations. Late in 1974 we increased our holdings in Computel from 40% to 65%.

The year 1974 featured our first major venture into television, sponsorship of the C.B.C.'s eight-week series, The National Dream, based on Pierre Berton's books about the building of the Canadian Pacific Railway. An average of over 3,000,000 people saw each segment, including the commercials prepared to accompany the programs. We believe the project in total did much to broaden awareness of Royal Trust and enhance its image.

Registered Retirement Savings Plans
(Millions of Dollars)



In 1974 we launched a new Registered Retirement Savings plan based on a special type of guaranteed savings account, and with passage of pending legislation, we expect to offer an additional new service, the Registered Home Ownership Savings plan. We assisted Commercial Union Life Assurance Company in establishing the first participating mortgage protection life insurance plan in Canada. Disability coverage is included and in most cases no medical evidence is required. A further "pioneering" step was taken when we joined with several other Canadian companies in the financing of two Lockheed Tri-Star jets operated by Air Canada under a leasing arrangement new in Canada.

The Company can only be as good as its staff, and thus much thought, time and money are devoted to ways of broadening their knowledge and improving their skills. During the year, some 76 internal courses, workshops and seminars involving 703 company employees and 2,166 man-days were spent on the development of technical and managerial skills. Sales training for real estate and trust development personnel accounted for approximately one-third of this total. Two hundred and nine people took advantage of educational assistance programmes, while another 48 participated in company-sponsored external courses.

In 1975 new branches in Guelph and Peterborough, in Ontario, and in LaSalle and Saguenay-Lac St. Jean, in Quebec, as well as a number of additional real estate offices across the country will be opened. New premises in London, Ontario and Kingston are also scheduled for opening during the year.

We expect that 1975 will be a year characterized by further financial and economic strain. All Canadians will be affected, together with our industries and financial institutions alike. Under these conditions, we intend making every effort to improve our revenues while keeping our costs under close but reasonable control. We believe that in 1975 we face the most severe challenges of the post-war period but we remain confident that our management and staff team will give a good account of themselves.

C. F. Harrington

CONRAD F. HARRINGTON
Chairman of the Board

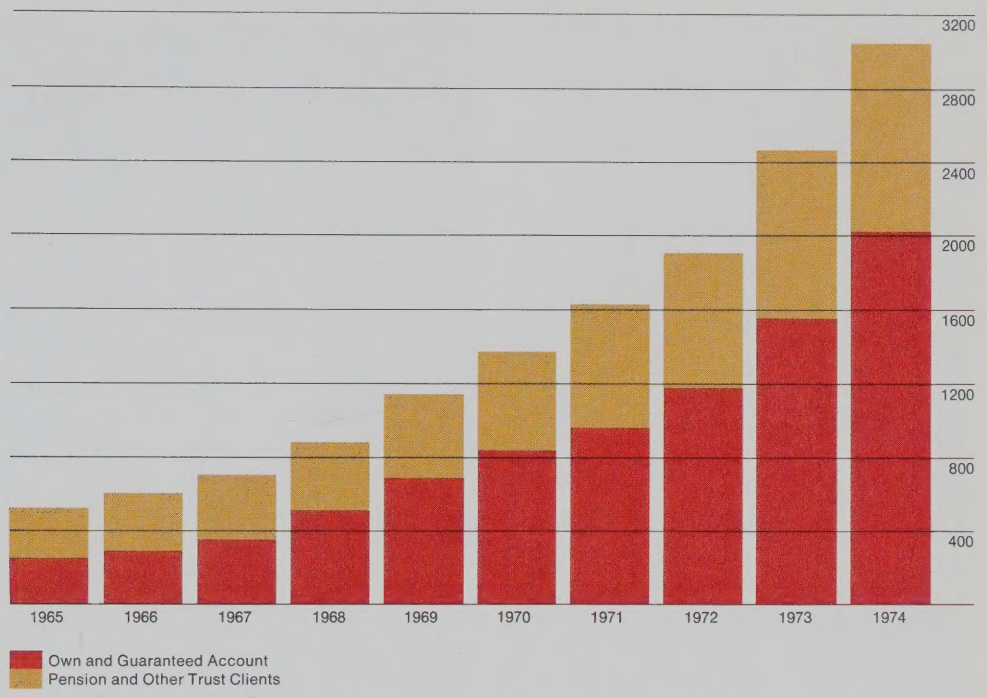
K. A. White

KENNETH A. WHITE
President and Chief Executive Officer

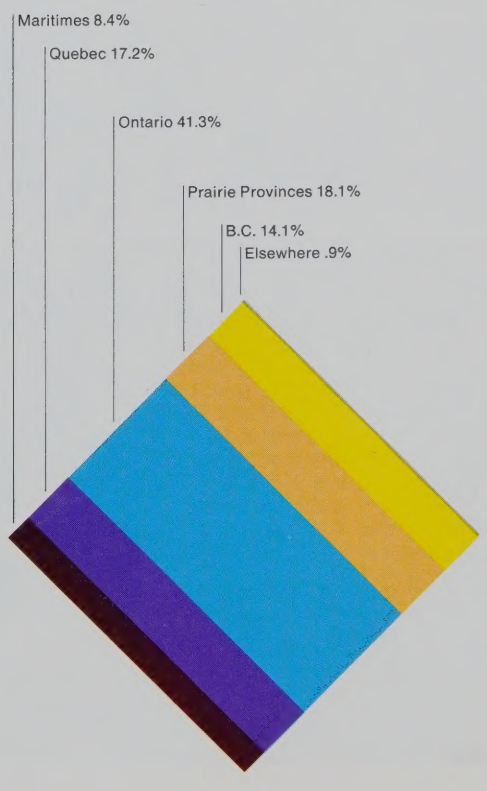
Montreal, Canada, 31st January, 1975

Mortgages under Administration

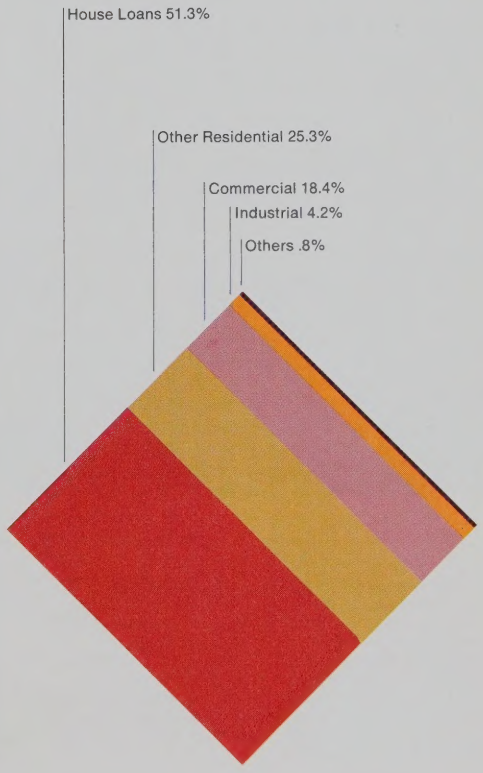
Ten Year Growth
(Millions of Dollars)



Geographical Distribution



Type of Collateral

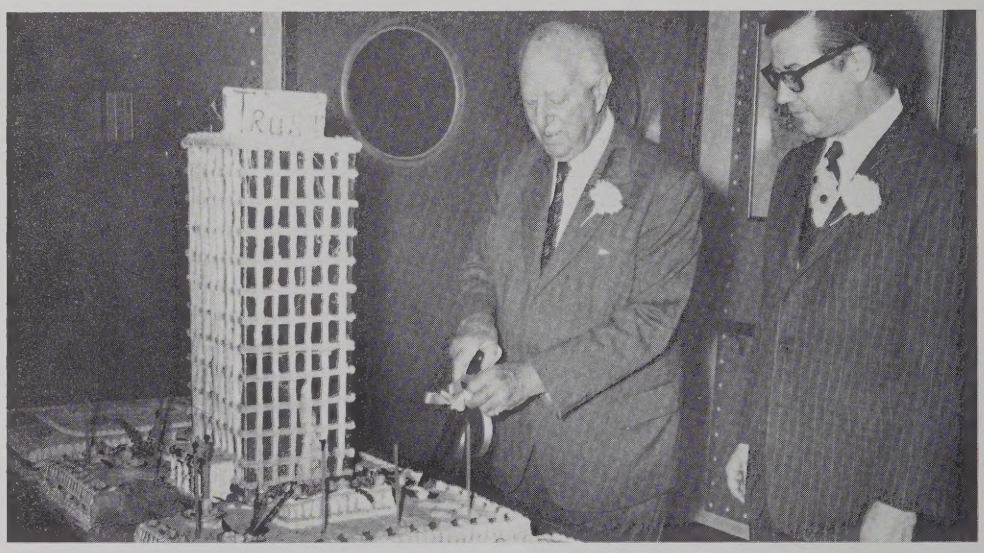


1

Jersey office's 75th anniversary project was sponsorship of an 18-year-old Jerseyman, Richard Le Boutillier, on a first-ever attempt to navigate the 2,716-mile Zaire (formerly Congo) river from its source to the sea. Richard, one of 140 explorers and scientists on the four-month expedition, is pictured here with some of the equipment he needed. The expedition was successful.

2

At our easternmost branch, St. John's, Newfoundland, Sir Leonard Outerbridge, C.C., C.B.E., D.S.O., former Lieutenant-Governor and member of Royal Trust's Newfoundland Advisory Board, cuts a unique 75th anniversary birthday cake in the shape of the Royal Trust building. J. R. Beasant, Branch Manager, looks on.



3

Sponsorship of the C.B.C.'s eight-part TV series on the building of the Canadian Pacific Railway was a highlight of Royal Trust's 75th anniversary year. Three members of Winnipeg Branch — Leilani Gogol, Donna James and Lynne Campbell — hold a large blow-up of Canada's most famous photograph — the driving of the last spike! The gentleman driving the spike is, of course, Donald A. Smith, who became Lord Strathcona and Royal Trust's first president.

Photo courtesy Winnipeg Free Press

4

A silver version of Royal Trust's 75th anniversary medallion was presented to Prime Minister Trudeau when the Executive Committee met in Ottawa. Pictured with the prime minister in his office are George F. Publicover, Manager, Ottawa Branch, C. F. Harrington, Chairman of the Board, and K. A. White, President. The premiers of the provinces, the commissioners of both the Northwest and Yukon territories, and the mayors of communities where Royal Trust has an office were also presented with medallions.

5

To mark the Company's 75th birthday, the Board of Directors met in Edmonton, Halifax and Vancouver for the first time, and in Toronto. Advisory boards within the respective regions also participated. Directors, Western Region Advisory Board members, and Branch Managers and other Senior Officers are shown here prior to their meeting in historic Fort Edmonton — the first such meeting of any commercial corporation ever held in the recreated early Hudson's Bay trading post and fort.

6

To mark the Company's 75th anniversary, including its sponsorship of The National Dream, a number of branches entered floats in local parades. Here is that built by St. Catharines branch for the Annual Grape and Wine Festival, and which subsequently appeared in Guelph, Kitchener and Oakville, Ontario, parades. Seen in the "coal car" are St. Catharines staff members Debbie Hilko, Barb Whittard and Liz Bykoski.

7

Also celebrating his 75th birthday in 1974, Robert G. Osborne, an original client of St. Thomas office, did the honors at the branch's birthday party to which the public was invited. With Mr. Osborne are staff members Marilyn Hewson, holding the birthday card sent to thousands of men and women across Canada who turned 75 last year; Cathy Matuska and Mrs. Carol Brown.

Photo courtesy St. Thomas Times-Journal

8

At our westernmost branch, Victoria, the Company's oldest client, Charles A. Thompson, is presented with a Royal Trust 75th anniversary medallion by Alan Aldous, Manager. Receiving it in the name of all the Company's clients, Mr. Thompson is 105.

Maturities of Investments
(Dollars in thousands)

31st December, 1974	Cash, Bank Deposit Receipts & Treasury Bills	Secured Loans, & Advances to Clients	Securities	Mortgages	Total	
Due within 1 year	$ 422,767	$142,537	$281,612	$ 276,512	$1,123,428	36.6%
1 to 5 years	3,951	11,771	108,588	1,598,261	1,722,571	56.2
6 to 10 years		3,071	6,584	119,475	129,130	4.2
11 to 15 years	496		5,211	7,888	13,595	0.4
16 to 20 years			11,629	3,340	14,969	0.5
Beyond 20 years			1,007	13,759	14,766	0.5
Preferred and Common Shares			47,616		47,616	1.6
	$ 427,214	$157,379	$462,247	$2,019,235	$3,066,075	100.0%
31st December, 1973						
Due within 1 year	$ 488,903	$180,996	$219,063	$ 240,131	$1,129,093	43.2%
1 to 5 years	4,876	662	113,711	1,209,678	1,328,927	51.0
6 to 10 years		614	5,871	77,899	84,384	3.2
11 to 15 years			4,449	8,548	12,997	0.5
16 to 20 years			4,350	5,617	9,967	0.4
Beyond 20 years			853	11,779	12,632	0.5
Preferred and Common Shares			32,259		32,259	1.2
	$ 493,779	$182,272	$380,556	$1,553,652	$2,610,259	100.0%

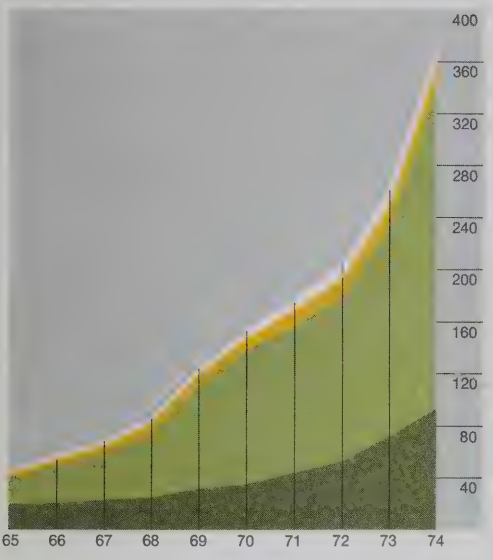
Securities
(Dollars in thousands)

	1974		1973	
	Cost	Market	Cost	Market
Bonds of, or guaranteed by governments of Canada, U.S.A. and U.K.	$ 80,059	$ 81,389	$ 85,752	$ 86,214
Bonds of, or guaranteed by other governments	96,276	95,232	88,502	88,868
Obligations of corporations	242,952	244,264	174,043	175,106
Preferred shares	19,331	17,329	9,764	9,098
Common shares	23,629	20,110	22,495	26,432
	$462,247	$458,324	$380,556	$385,718

Maturities of Deposits and Borrowings
(Dollars in thousands)

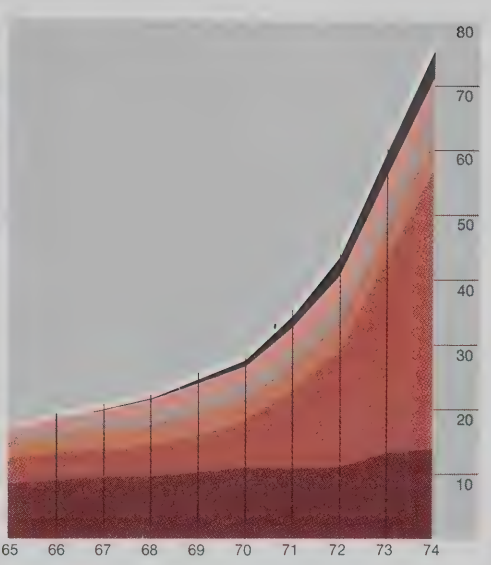
31st December, 1974	Investment Receipts and Certificates of Deposit	Savings & Chequing Accounts	Short Term Notes	Debentures	Total	
On demand and due within 1 year	$1,189,379	$215,577	$127,163	$ 17,223	$1,549,342	52.3%
1 to 5 years	1,286,366		5,740	36,062	1,328,168	44.9
6 to 10 years				63,160	63,160	2.1
11 to 15 years				13,753	13,753	0.5
16 to 20 years				—	—	—
21 to 25 years				6,000	6,000	0.2
	$2,475,745	$215,577	$132,903	$ 136,198	$2,960,423	100.0%
31st December, 1973						
On demand and due within 1 year	$ 858,292	$211,041	$119,021	$ 5,246	$1,193,600	47.7%
1 to 5 years	1,188,082		8,259	34,864	1,231,205	49.2
6 to 10 years				57,439	57,439	2.3
11 to 15 years				13,550	13,550	0.5
16 to 20 years					—	—
21 to 25 years				6,000	6,000	0.3
	$2,046,374	$211,041	$127,280	$ 117,099	$2,501,794	100.0%

Operating Income and Expenses
(Millions of Dollars)



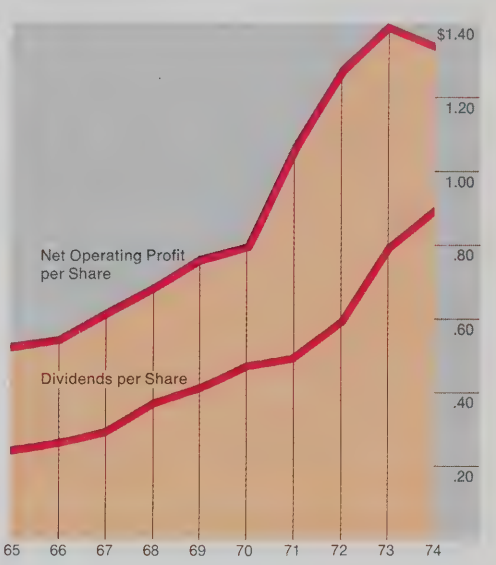
Salaries and Other Expenses
Interest Paid
Income Taxes and Minority Interest
Net Operating Profit

Fees and Commissions
(Millions of Dollars)

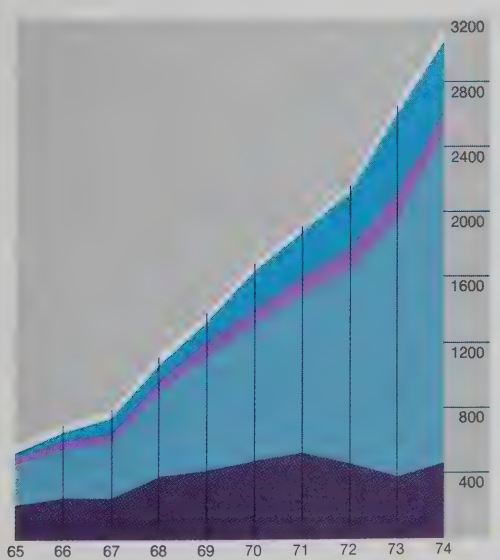


Estates, Trusts and Agencies
Real Estate Sales and Property Management
Stock Transfer Agencies and Bond Trusteeships
Pension Trust and Institutional Accounts
Mortgage Administration
Managed Funds (A, B, C and M)
Miscellaneous

Net Operating Profit and Dividends Per Share

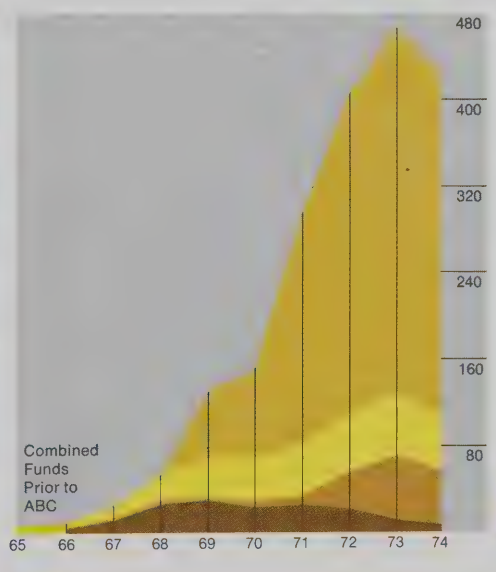


Own and Guaranteed Account Assets
(Millions of Dollars)



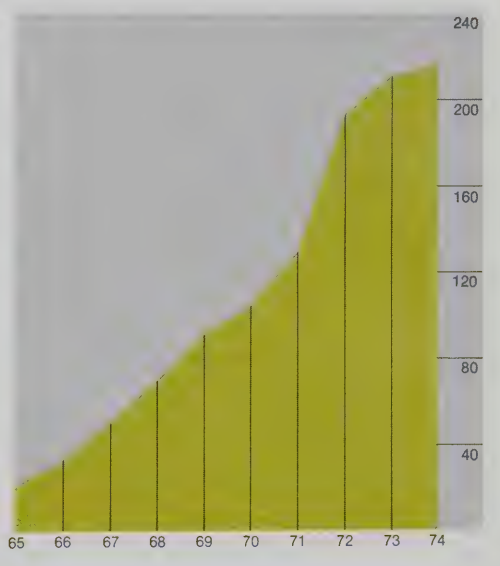
Securities
Mortgages
Loans
Cash, Bank Deposits, etc.
Other Assets

Managed Funds
(Market Value) (Millions of Dollars)



A Fund
B Fund
C Fund
M Fund

Savings and Chequing Accounts
(Millions of Dollars)



Consolidated Balance Sheet

as at 31st December

Assets

	1974	1973
Investments (including assets held in trust for Guaranteed Account – Note 2)		
Cash, bank deposit receipts and treasury bills	**$ 427,214,000**	$ 493,779,000
Secured loans, and advances to clients	**157,379,000**	182,272,000
Securities – at cost (Market 1974, $458,324,000 – 1973, $385,718,000)	**462,247,000**	380,556,000
Mortgages	**2,019,235,000**	1,553,652,000
	$3,066,075,000	$2,610,259,000
Other assets		
Accounts receivable	**$ 7,042,000**	$ 4,140,000
Premises, equipment and leasehold improvements at cost less accumulated depreciation and amortization (Note 1)	**35,883,000**	31,233,000
Unamortized debenture and note discount and underwriters' commissions	**1,924,000**	1,715,000
Investment in affiliates (Note 1)	**6,678,000**	11,612,000
Excess of cost of investment in Computel Systems Ltd. over acquired equity in net assets (Note 1)	**4,365,000**	—
	$ 55,892,000	$ 48,700,000

Signed on behalf of the Board
Conrad F. Harrington
Kenneth A. White
Directors

	$3,121,967,000	$2,658,959,000

The Royal Trust Company and its subsidiaries

Liabilities and Shareholders' Equity

	1974	1973
Deposits and Borrowings (including deposits accepted for Guaranteed Account – Trust Funds for investment – Note 2)		
Investment receipts and certificates of deposit	**$2,475,745,000**	$2,046,374,000
Savings and chequing accounts	**215,577,000**	211,041,000
Short term notes	**132,903,000**	127,280,000
Debentures	**136,198,000**	117,099,000
	$2,960,423,000	$2,501,794,000
Other Liabilities		
Due to bank	**$ —**	$ 2,400,000
Income taxes payable (recoverable)	**(3,949,000)**	8,431,000
Miscellaneous liabilities	**7,288,000**	4,734,000
Preferred dividend payable	**—**	125,000
Mortgage maturing April 1994 ($206,000 principal instalments due in 1975)	**18,484,000**	18,677,000
	$ 21,823,000	$ 34,367,000
Deferred Income Taxes (Note 1)	**$ 28,921,000**	$ 17,038,000
Minority Interest in Subsidiary Companies		
Preferred shares	**$ 5,499,000**	$ 5,499,000
Common shares and equity	**2,813,000**	2,436,000
	$ 8,312,000	$ 7,935,000
Shareholders' Equity		
Capital stock (Notes 3 and 4)		
Authorized – 20,000,000 class A and class B interconvertible shares of $0.50 par value		
Issued and fully paid – 10,345,642 shares consisting of 9,896,513 class A and 449,129 class B (10,320,912 total shares in 1973)	**$ 5,172,000**	$ 5,160,000
Contributed surplus	**53,031,000**	52,524,000
Retained earnings	**44,285,000**	40,141,000
	$ 102,488,000	$ 97,825,000
	$3,121,967,000	$2,658,959,000

Statement of Consolidated Profit and Loss

for the year ended 31st December

		1974	1973
Income			
Fees and commissions from			
Estates, trusts and agencies		**$ 13,690,000**	$ 13,241,000
Real estate sales and property management		**43,026,000**	30,414,000
Stock transfer agencies and bond trusteeships		**4,237,000**	4,044,000
Pension trusts and institutional accounts		**5,522,000**	4,380,000
Mortgage administration		**4,275,000**	4,050,000
Managed funds		**4,440,000**	4,186,000
Miscellaneous		**1,965,000**	764,000
		$ 77,155,000	$ 61,079,000
Investment Income from			
Mortgages		**$173,653,000**	$126,127,000
Securities		**30,124,000**	23,839,000
Collateral loans		**12,479,000**	10,485,000
Short term deposits		**74,999,000**	39,997,000
		$291,255,000	$200,448,000
		$368,410,000	$261,527,000
Expenses			
Interest paid		**$248,146,000**	$161,130,000
Salaries, pension contributions and other staff benefits		**35,826,000**	30,085,000
Commissions to real estate agents and salesmen		**27,750,000**	19,175,000
Premises expense (net after rental income)		**6,665,000**	5,655,000
Computer and office equipment expense (Note 1)		**5,611,000**	3,706,000
Advertising		**5,343,000**	3,358,000
Other expenses		**12,242,000**	10,049,000
		$341,583,000	$233,158,000
Profit before income taxes		**$ 26,827,000**	$ 28,369,000
Income taxes – current	$2,791,000		10,423,000
– deferred	9,429,000	**12,220,000**	3,046,000
Net profit before interest of minority shareholders		**$ 14,607,000**	$ 14,900,000
Minority interest		**670,000**	654,000
Net operating profit (per share 1974 – $1.35, 1973 – $1.40)*		**$ 13,937,000**	$ 14,246,000
Other additions (deductions)			
Net gains (losses) on investments including provision for losses		**(1,211,000)**	(81,000)
Gain on disposal of premises		**76,000**	—
Income tax reductions applicable to above items		**638,000**	12,000
Net profit for the year (per share 1974 – $1.30, 1973 – $1.39)*		**$13,440,000**	$ 14,177,000

*Earnings per share are based upon weighted monthly average shares outstanding: 10,329,000 for 1974 and 10,190,000 for 1973.

The Royal Trust Company and its subsidiaries

Statements of Consolidated Retained Earnings and Contributed Surplus Accounts

for the year ended 31st December

	1974	1973
Retained Earnings Account		
Balance 1st January	**$40,141,000**	$34,116,000
Net profit for the year	**13,440,000**	14,177,000
	$53,581,000	$48,293,000
Deduct: Dividends paid	**9,296,000**	8,152,000
Balance 31st December	**$44,285,000**	$40,141,000
Contributed Surplus Account		
Balance 1st January	**$52,524,000**	$48,954,000
Premium on issue of shares	**507,000**	3,570,000
Balance 31st December	**$53,031,000**	$52,524,000

Thorne
Riddell
& Co.

Thorne Gunn & Co.
Riddell, Stead & Co.

CHARTERED ACCOUNTANTS

Auditors' Report

To the Shareholders
of The Royal Trust Company

We have examined the consolidated balance sheet of The Royal Trust Company and its subsidiaries as at 31st December, 1974 and the statements of consolidated profit and loss, retained earnings and contributed surplus accounts for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of The Royal Trust Company and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

Clients' accounts and guaranteed funds are kept separate from the companies' own funds and are so earmarked in the books of the companies as to show the accounts to which they belong.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated statements are properly drawn up so as to exhibit a true and correct view of the state of affairs of the companies as at 31st December, 1974 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell & Co.

Chartered Accountants

Montreal, 30th January, 1975

Notes to Consolidated Financial Statements

as at 31st December, 1974

(1) Accounting Policies

(i) Principles of consolidation
All subsidiary companies are included in the consolidated financial statements. These companies are The Royal Trust Company of Canada (a U.K. Corporation), The Royal Trust Company of Canada (C.I.) Ltd. (located in Jersey in the Channel Islands), The Royal Trust Company (Guernsey) Limited, The Royal Trust Company (Ireland) Limited, The Royal Trust Company (International) Ltd. (located in the Bahamas), Inter National Bank of Miami, Florida, The Royal Trust Company Mortgage Corporation (99.99% owned), The Bankers' Trust Company, Royal Agencies Limited, Place d'Armes Realty Co. Ltd., The Industrial Mortgage and Trust Company (99.96% owned), Doreal Investments Ltd. (70% owned), Builders Financial Co. Limited (50.02% owned) and Computel Systems Ltd. (65% owned).

The Company acquired a 40% interest in Computel Systems Ltd. in 1973. Additional shares were acquired by the Company in 1974, majority control achieved in October and as at 31st December, 1974, the Company held 65% of the outstanding shares of Computel. Operating losses of Computel for the 10 month period to October 1974 were $1,114,000 and the Company's pro-rata share amounting to $446,000 has been included in computer and office equipment expense in the Statement of Consolidated Profit and Loss together with 100% of operating losses of $332,000 incurred by Computel for November and December of 1974.

The excess of cost of investment in Computel over acquired equity in net assets amounting to $4,365,000 is recorded in the Consolidated Balance Sheet and is being amortized over 20 years.

(ii) Investment in Affiliates
Investment in affiliates includes BM-RT Ltd. ($2,148,000) which is 50.1% owned by the Company. BM-RT Ltd. is "advisor" to the publicly held BM-RT Realty Investments, an open-end real estate trust. BM-RT Ltd. serves as the official conduit for funding of the operations of the trust and as such its assets consist almost entirely of funds advanced to the trust from proceeds of the public issue of short term notes and debentures by BM-RT Ltd. The Company either directly or through its investment in BM-RT Ltd. is the owner of only 17.46% of the trust and the consolidation of the assets, liabilities and operations of the "advisor" with those of the Company would not be appropriate. The Company's share of undistributed earnings of BM-RT Ltd. is reflected in the Statement of Consolidated Profit and Loss.

Investment in other affiliates, aggregating $4,530,000, is recorded at cost and income is reflected in the Statement of Consolidated Profit and Loss when realized through dividends paid by these affiliates.

(iii) Foreign Currencies
Foreign currencies have been converted into Canadian dollars at rates of exchange prevailing at 31st December.

(iv) Depreciation Policies
Premises, equipment and leasehold improvements aggregating $35,883,000 are stated at depreciated cost. Of this amount $23,485,000 relates to the head office premises of the Company. Depreciation of these premises on a straight line basis is calculated upon an estimated original life of 75 years of which 64 are remaining. All other depreciable assets are written off at rates equivalent to or in excess of those established by income tax authorities. Depreciation of premises and equipment and amortization of leasehold improvements charged to operations amounted to $2,090,000 in 1974 and $1,779,000 in 1973.

(v) Recognition of Revenues and Expenses
With the exception of fees for administration of estates, fees and commissions are recorded on an annual basis as earned. Estates administration fees are chargeable only upon completion of preliminary administration and no provision is made in the Company's accounts for fees on work in progress. Investment income and interest expense are recorded on an accrual basis. Debt discount and underwriters' commissions are amortized over the term of the issues. Salaries and other operating expenses are recorded on an accrual basis.

(vi) Gains and Losses on Investments
Loans and mortgages are considered as delinquent when payments of principal or interest are in arrears for 60 days at which time legal collection procedures usually are commenced. Delinquencies are reviewed monthly and, if required, an appropriate provision is recorded in the Company's accounts for estimated losses.

Gains and losses on securities are recorded only upon sale of such securities except when there is default to pay either principal or interest at which time, a provision to cover estimated losses is recorded. Market value of securities is disclosed in the financial statements.

(vii) Income Taxes
In accordance with generally accepted accounting principles, the Company follows the tax allocation method of providing income taxes. Under this method income taxes in the Statement of Consolidated Profit and Loss have been calculated on the basis of reported profit rather than on earnings currently taxable.

Analysis of deferred taxes is as follows:

	1974	1973
Taxes applicable to:		
Accrued interest income	$13,866,000	$ 7,185,000
Reserve for mortgages allowed under Section 33 of the Income Tax Act (Canada)	13,788,000	10,577,000
Other items applicable to future years — net	1,267,000	(724,000)
	$28,921,000	$17,038,000

By a proposed amendment of Section 12 of the Income Tax Act (Canada) to be effective for fiscal years commencing in 1975 accrued interest income will be included in taxable income. The effect of this amendment to the Company is that the sum of $13,866,000 as above will become payable by 28th February, 1976.

(2) Guaranteed Account — Trust Funds for Investment

As at 31st December, deposits include $2,626,594,000 for 1974 and $2,192,494,000 for 1973 accepted for Guaranteed Account. Assets segregated to secure these deposits are as follows:

	1974	1973
Cash, bank deposit receipts and treasury bills	$ 374,593,000	$ 450,397,000
Secured loans	151,130,000	145,524,000
Securities	383,998,000	304,885,000
Mortgages	1,716,873,000	1,291,688,000
	$2,626,594,000	$2,192,494,000

(3) Commitments and Contingencies

(i) Outstanding commitments as at 31st December, 1974 for future advances to be secured by mortgages are $195,896,000 of which $51,590,000 is for trust clients whose accounts are administered by the Company.

(ii) The Company has contractual obligations in respect of leases payable as follows:

	Total Sums Payable in Period
Within 5 years	$18,451,000
6 to 10 years	11,920,000
11 to 15 years	9,719,000
16 to 20 years	4,462,000
21 to 25 years	732,000
	$45,284,000

$13,832,000 of this amount is to a partially owned subsidiary. Rents incurred in 1974 were $4,739,000.

(iii) The Company is Trustee and Manager of Royal Trust M Fund the purpose of which is the investment of its assets in first mortgages on properties in Canada. It is anticipated that there will be ample cash and marketable securities available to cover the withdrawal by participants in the fund from time to time. However, should the withdrawals exceed the cash and marketable securities then available, the Company has guaranteed to find a purchaser for such number of the mortgages held by the fund at a price not less than 95% of the value thereof as will realize sufficient funds to enable such withdrawals to be made.

As at 31st December, 1974, total assets of Royal Trust M Fund aggregated $318,870,000 including $24,130,000 in bank deposits and interest receivable and $294,740,000 of mortgages.

(iv) On 18th October, 1974, the Company reached an agreement in principle with certain shareholders of American Bank of Lakeland, Florida whereby the Company would acquire at least 80%, and up to 100%, of the outstanding shares of American Bank of Lakeland. Basically the agreement requires the exchange of one share of Royal Trust, or its cash equivalent, for each share of American Bank of Lakeland. The maximum number of shares of the Company to be issued would be 116,500. A definitive agreement is now being negotiated.

(4) Capital Stock

(i) As approved by the shareholders in February 1974 and subsequently confirmed by the issue of supplementary letters patent, in June 1974, the Company's authorized capital of 20,000,000 common shares was designated as A shares and B shares for an aggregate of 20,000,000 shares. A and B shares are interconvertible and rank pari passu in all respects except as to dividends. Dividends paid on Class A shares are taxable dividends for purposes of the Income Tax Act (Canada). The directors may declare dividends on Class B payable from tax-paid undistributed surplus on hand. The amount paid per share is equivalent to that paid on Class A shares after deducting the 15% tax paid by the company to create tax-paid undistributed surplus on hand as defined in the Income Tax Act (Canada). As at 31st December, 1974, the Company had on hand approximately $18,000,000 of retained earnings which will be available for future payment of tax-paid dividends after payment of a 15% tax by the Company.

(ii) 24,730 fully paid shares were issued during 1974 under employees' stock option plans for a total consideration of $519,463. Under these plans, employees are entitled to purchase specified amounts of the Company's shares annually for 5 years at 10% less than market price at the time of the granting of options. As at 31st December, 1974, 164,171 unissued shares are reserved for issue prior to 1st November, 1978 under these plans.

(5) Remuneration of Directors and Senior Officers

For the year ended 31st December, 1974 the aggregate direct remuneration paid or payable by the Company and its subsidiaries to Directors and Senior Officers was $1,329,000 and the estimated aggregate cost for the year of all pension benefits proposed to be paid to Senior Officers in the event of retirement at normal retirement age was $132,000.

Ten-Year Review

Year-End Position
(Dollars in thousands)

	1965	1966
Assets		
Cash, bank deposit receipts and treasury bills	$ 28,512	$ 50,880
Loans	46,414	56,261
Securities	209,196	259,977
Mortgages	249,958	288,354
Premises, equipment and leasehold improvements	37,811	38,019
Other assets	3.965	5,120
	$ 575,856	$ 698,611
Deposits and Borrowings		
Investment receipts & certificates of deposit	$ 403,656	$ 505,959
Savings & chequing accounts	20,988	33,171
Short term notes and debentures	78,625	84,089
	$ 503,269	$ 623,219
Other Liabilities, Deferred Income Taxes and Minority Interest		
Other liabilities	$ 33,208	$ 33,084
Deferred income taxes	1,304	2,015
Minority interest	5,000	5,000
	$ 39,512	$ 40,099
Shareholders' Equity	$ 33,075	$ 35,293
Total assets under administration (in billions)		
Estimated market value		$ 7.6

Results for Year
(Dollars in thousands)

Operating Income and Expenses		
Income —		
Fees and commissions	$ 17,158	$ 19,397
Income from mortgages	13,408	18,788
Income from other investments	14,667	18,876
	$ 45,233	$ 57,061
Expenses —		
Interest paid	$ 19,708	$ 28,465
Salaries, commissions and staff benefits	12,827	14,100
Net premises expense	2,061	2,375
Other expenses	4,371	5,076
	$ 38,967	$ 50,016
Profit before income taxes	$ 6,266	$ 7,045
Less —		
Interest of minority shareholders in net profit of subsidiary companies	$ 146	$ 250
Income taxes	2,901	3,286
	$ 3,047	$ 3,536
Net operating profit	$ 3,219	$ 3,509
Net gains (losses) on investments and extraordinary items after taxes	$ 172	$ 417
Net profit	$ 3,391	$ 3,926

Shareholders' Statistics

Number of shareholders	2,497	2,650
Average shares outstanding†	6,112,000	6,320,000
Number of shares traded* †		
Price range — high* †	$ 8½	$ 9½
— low* †	$ 7	$ 8½
— close* †	$ 8½	$ 9½
Net operating profit per share†	$ 0.53	$ 0.55
Dividends per share†	$ 0.25	$ 0.27
Price earnings ratio — high	16	17
— low	13	15

†Adjusted for two for one split in 1973.

*Prior to 1967 shares of the company were not listed. Price was established annually at the shareholders' meeting.

Where applicable to residents of Canada, for purposes of calculating taxes on Capital gains, a "V-Day" valuation price of $37.50 as at 22nd December, 1971 was established by the Department of National Revenue. After giving effect to the two for one split on 14th March, 1973, this price has changed to $18.75.

1967	1968	1969	1970	1971	1972	1973	1974
$ 94,916	$ 96,577	$ 126,998	$ 236,896	$ 282,158	$ 343,272	$ 493,779	**$ 427,214**
58,445	82,877	97,291	91,470	104,963	127,361	182,272	**157,379**
247,530	384,735	423,672	478,236	525,688	464,914	380,556	**462,247**
346,146	510,395	682,419	838,655	960,697	1,174,517	1,553,652	**2,019,235**
37,150	35,364	35,492	34,633	30,353	29,965	31,233	**35,883**
5,401	10,224	12,687	7,688	8,248	11,161	17,467	**20,009**
$ 789,588	$1,120,172	$1,378,559	$1,687,578	$1,912,107	$2,151,190	$2,658,959	**$3,121,967**
$ 560,090	$ 789,473	$1,013,164	$1,285,919	$1,492,554	$1,604,179	$2,046,374	**$2,475,745**
49,855	69,649	91,904	104,439	129,123	194,902	211,041	**215,577**
98,467	158,590	168,649	185,809	172,446	221,825	244,379	**269,101**
$ 708,412	$1,017,712	$1,273,717	$1,576,167	$1,794,123	$2,020,906	$2,501,794	**$2,960,423**
$ 36,138	$ 38,945	$ 32,312	$ 28,455	$ 27,911	$ 26,954	$ 34,367	**$ 21,823**
2,881	4,774	5,578	7,506	8,279	9,547	17,038	**28,921**
5,000	5,001	5,043	5,006	5,552	5,632	7,935	**8,312**
$ 44,019	$ 48,720	$ 42,933	$ 40,967	$ 41,742	$ 42,133	$ 59,340	**$ 59,056**
$ 37,157	$ 53,740	$ 61,909	$ 70,444	$ 76,242	$ 88,151	$ 97,825	**$ 102,488**
$ 8.3	$ 8.9	$10.0	$10.7	$11.2	$12.6	$14.0	**$13.6**
$ 20,792	$ 22,344	$ 25,513	$ 28,641	$ 35,296	$ 44,820	$ 61,079	**$ 77,155**
22,589	31,539	47,557	65,508	82,122	96,004	126,127	**173,653**
24,406	30,938	50,765	59,438	60,430	63,533	74,321	**117,602**
$ 67,787	$ 84,821	$ 123,835	$ 153,587	$ 177,848	$ 204,357	$ 261,527	**$ 368,410**
$ 35,822	$ 48,889	$ 79,476	$ 104,269	$ 113,106	$ 127,146	$ 161,130	**$ 248,146**
15,310	16,515	20,338	23,475	29,243	35,573	49,260	**63,576**
2,934	3,316	3,163	3,814	4,203	4,879	5,655	**6,665**
5,350	5,809	7,650	8,086	10,621	13,096	17,113	**23,196**
$ 59,416	$ 74,529	$ 110,627	$ 139,644	$ 157,173	$ 180,694	$ 233,158	**$ 341,583**
$ 8,371	$ 10,292	$ 13,208	$ 13,943	$ 20,675	$ 23,663	$ 28,369	**$ 26,827**
$ 250	$ 250	$ 275	$ 279	$ 283	$ 386	$ 654	**$ 670**
4,221	5,496	6,588	6,867	10,323	10,800	13,469	**12,220**
$ 4,471	$ 5,746	$ 6,863	$ 7,146	$ 10,606	$ 11,186	$ 14,123	**$ 12,890**
$ 3,900	$ 4,546	$ 6,345	$ 6,797	$ 10,069	$ 12,477	$ 14,246	**$ 13,937**
$ 263	$ 403	$ 576	$ 234	$ (4)	$ 825	$ (69)	**$ (497)**
$ 4,163	$ 4,949	$ 6,921	$ 7,031	$ 10,065	$ 13,302	$ 14,177	**$ 13,440**
3,028	3,403	4,795	5,107	5,009	5,608	6,485	**6,521**
6,320,000	6,584,000	8,264,000	8,518,000	9,428,000	9,718,000	10,190,000	**10,329,000**
410,000	972,000	842,000	948,000	1,012,000	904,000	773,000	**941,987**
$ 12	$13½	$14½	$ 15	$ 20	$25½	$28¾	**$28⅜**
$ 8	$ 7⅛	$10⅝	$11¼	$14⅛	$ 18	$21¾	**$ 17**
$ 9⅝	$11¾	$13½	$14¼	$ 18	$25⅜	$26¼	**$20⅝**
$ 0.62	$ 0.69	$ 0.77	$ 0.80	$ 1.07	$ 1.28	$ 1.40	**$ 1.35**
$ 0.31	$ 0.38	$ 0.42	$ 0.48	$ 0.50	$ 0.60	$ 0.80	**$ 0.90**
19	20	19	19	19	20	21	**21**
13	10	14	14	13	14	16	**13**

Board of Directors

Conrad F. Harrington, C.D.
Chairman of the Board, Chairman of the Executive Committee *

Kenneth A. White, C.D.
President and Chief Executive Officer *

John D. Allan
Executive Vice-President, The Steel Co. of Canada Ltd.

R. James Balfour, Q.C., M.P.
Partner - Balfour, MacLeod, Moss, Laschuk, Kyle, Vancise & Cameron (Barristers and Solicitors)

G. Drummond Birks
President, Henry Birks & Sons Ltd.

Donald N. Byers, Q.C., LL.D.
Partner - Byers, Casgrain & Stewart (Barristers and Solicitors) * †

Alistair M. Campbell, F.I.A., F.S.A.
Chairman, Sun Life Assurance Co. of Canada * †

Keith Campbell
Vice-President, Canadian Pacific Limited †

Henry Collingwood
Chairman, Baine, Johnston & Co. Ltd. (Food Wholesalers)

Harold P. Connor
Chairman of the Board, National Sea Products Ltd.

James B. Cross, D.U.C.
President, Territorial Hotels Ltd.

Camille A. Dagenais, O.C., LL.D., F.E.I.C.
President, Surveyer, Nenniger & Chênevert, Inc. (Consulting Engineers)

Fraser M. Fell, Q.C.
Partner - Fasken & Calvin (Barristers and Solicitors)

Percy M. Fox, D.C.L., D.Sc.F.
Chairman of the Board, The Great Lakes Paper Co. Ltd.

G. Blair Gordon
President, Blair & Co. (Investments)

Eric L. Hamilton, C.A.
President, Canadian Industries Limited †

Harold Husband
President, Victoria Machinery Depot Co. Ltd.

Frederick W. P. Jones
Company Director * †

Joseph S. Land
President, IAC Ltd.

Walter F. Light
President, Northern Electric Co. Ltd.

Hon. George C. Marler, P.C., LL.D.
Associate - McLean, Marler, Tees, Watson, Poitevin, Javet & Roberge (Notaries) * †

John F. McDougall
President, McDougall & Secord Limited (Real Estate Management)

Arthur C. Price
Consultant - The Price Co. Ltd.

Senator Maurice Riel, Q.C.
Partner - Riel, Vermette, Ryan, Dunton & Ciaccia (Barristers and Solicitors) * †

David G. Waldon
President, Interprovincial Pipe Line Ltd.

Robert J. Wilson ‡
Group Vice-President, Real Estate & Mortgages The Royal Trust Company

*Member of Executive Committee
†Member of Audit Committee

Honorary Directors

Henry G. Birks

Ross Clarkson, D.C.L., LL.D.

Thomas W. Eadie, LL.D.

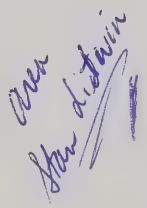
Charles P. Fell, LL.D.

George W. Huggett

Jean Martineau, C.C., Q.C., LL.D.

John W. McKee

John L. O'Brien, Q.C.



Executive Officers

Conrad F. Harrington, C.D.
Chairman of the Board, Chairman of the Executive Committee

Kenneth A. White, C.D.
President and Chief Executive Officer

Robert J. Wilson ‡
Group Vice-President, Real Estate & Mortgages

R. T. La Prairie, C.A.
Group Vice-President, Finance

K. C. Pilley
Group Vice-President, Regional Operations

J. M. Scholes
Group Vice-President, Investments

Glyn Smallwood
Group Vice-President, Administration

J. F. Close, C.A.
Senior Vice-President, Special Investments Domestic & Foreign

Maurice Forget
Senior Vice-President, Quebec Development

D. B. Ascott
Vice-President, Personal Trust Services

Charles C. de Léry
Vice-President, Quebec Region Manager, Montreal Branch

F. R. Lindsay
Vice-President, Real Estate

F. S. Milligan
Vice-President, Personnel

G. R. Otley
Vice-President & Executive Vice-President, Computel Systems Ltd.

A. Purdy
Vice-President, Mortgage & Property Investment Services

C. M. Root
Vice-President, Sales & Marketing

‡Deceased 1st February, 1975

I. D. Sneddon
Vice-President, Atlantic Region

H. E. Trenholme
Vice-President, International Services

E. A. Wickens, C.A.
Vice-President & Treasurer

G. E. Allen
Assistant Vice-President, Administrative Services

E. P. Cannon, C.A.
Assistant Vice-President and Comptroller

A. Forest
Assistant Vice-President, Mortgage Services

V. G. Hobbes
Assistant Vice-President, Personal Trust Investments

T. R. Lee, D.F.C.
Assistant Vice-President, Public Relations

J. H. Matthews
Assistant Vice-President, Pacific Region, Manager, Vancouver Branch

A. V. L. Mills
Secretary

G. Mitchell
Assistant Vice-President, Ontario Region

D. Donald Ross, C.A.
Assistant Vice-President, Western Region

B. E. Sturgess, F.C.A.
Managing Director, The Royal Trust Company of Canada

R. S. Traquair
Assistant Vice-President, Manager, Toronto Branch

H. T. Tucker
Assistant Vice-President, Property Investment Services

L. J. G. Brunelle, M.B.E.
General Supervisor, Fixed Income Securities

A. Campbell, C.A.
General Supervisor, Internal Audit

E. E. Christmas
General Supervisor, Personal Trust Services

Advisory Boards

C. C. Cope
General Supervisor,
Real Estate Sales

J. A. C. Ferenbach, C.A.
General Supervisor,
Mortgage Administration

J. A. Gordon
General Supervisor,
Pension Trust Services

A. Hagedorn
General Supervisor,
Equities Research

J. C. Macfarlane, C.A.
Assistant Treasurer

P. L. E. McAvoy
General Supervisor,
Real Estate Administration

R. R. H. Sturgess
General Supervisor,
Marketing Services

George Wiebe
General Supervisor,
Corporate Trust

C. Terrill Manning, Q.C.
General Counsel

Keith M. Laidley, Q.C.
Assistant General Counsel

Henri C. Renaud
Counsel

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Wilfrid J. Ayre
Charles R. Bell
Henry Collingwood
Harold L. Lake
John J. Murphy
James W. Parker
Max J. Pratt
Ian J. Reid
Hon. Gordon A. Winter, O.C., LL.D.

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C. F. Ranson, Chairman
L. F. Daley, Q.C.
C. Wilmot Dean
Leonard A. Kitz, Q.C.
George Mitchell
Derek Oland
L. Robert Shaw
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Joseph Zatzman
F. Homer Zwicker

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Evan W. T. Gill
J. M. Grant
P. W. Oland, S.M.
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Joseph V. Streeter

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Paul A. Audet, C.L.U.
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Pierre Côté
Jacques De Billy, Q.C.
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Brigadier Jean P. Gautier, D.S.O., C.D.
Raymond Martin, C.A.
Victor W. Newton
H. A. Simons

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William A. Kelly
Lawrence G. Macpherson
Dr. John A. Milliken

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F. A. Schulman

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John D. Campbell
Roy G. Cole
W. I. Drynan
Ronald K. Fraser
T. E. Nichols
Trumbull Warren, O.B.E.

Kitchener – Waterloo
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Stuart R. Goudie
Hartman H. L. Krug
Dr. H. John Lackner
Theodore A. Witzel
John A. Young

St. Catharines
George E. Irvine, Chairman
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Lt. Col. E. F. McCordick, O.B.E., E.D.
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U. R. Van Sickle

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Donald H. Anderson
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F. W. Dowler, Q.C.
David M. Gunn
F. W. P. Jones
V. B. King
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Gordon Ferguson
Gordon H. Findlay
C. Howard Huctwith
Herbert S. Matthews
W. Logan Millman, Q.C.
George W. Parker
Stanley Wilk
Roger A. Wilson

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W. D. Gordon, Chairman
Charles J. Clark, Q.C.
A. E. Downing
R. F. Kiborn, Q.C.

Sault Ste. Marie
G. S. Scollon, Chairman
Robert L. Curran
William M. Hogg
Douglas C. Joyce
Leonard N. Savoie

Thunder Bay
J. W. Corbishley, Chairman
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E. Lorne Goodall
John N. Paterson
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J. Derek Riley, C.A.
Stewart A. Searle, Jr.
G. H. Sellers, A.F.C.

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Eric J. Dorman, C.D., Chairman
R. J. Balfour, Q.C., M.P.
Dr. E. W. Barootes
G. W. Staseson

Saskatoon
W. G. Ransom, Chairman
D. L. Evans
J. H. Evans
G. Blair Nelson

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Norris R. Crump, C.C.
F. A. McKinnon, D.U.C.
David E. Mitchell
Ralph A. Thrall
Marshall M. Williams

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William S. McGregor
G. R. A. Rice, LL.D.

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Allan M. McGavin
Howard T. Mitchell
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J. G. Prentice
J. H. Salter
Hon. James Sinclair, P.C.
J. Bruce Smith
C. Reginald Tanner

Victoria
Alan G. Aldous, Chairman
E. W. Arnott
J. W. Bayne
Harold B. Elworthy
Rear-Admiral J. C. Hibbard, D.S.C., C.D., R.C.N. (Ret'd)
Harold Husband
Ralph D. Perry
Hector C. Stone
H. A. Wallace

Inter National Bank of Miami
Miami, Florida, U.S.A.
Directors:
Richard A. Pallot, Chairman
Allen I. Isaacson
G. Edward Kattel
William L. Pallot
Samuel Seitlin
Theodore W. Slack, Sr.
Theodore Spak

The Royal Trust Company of Canada
London, England
Directors:
Francis E. P. Sandilands, C.B.E.
Chairman
David L. Donne
David Forsyth
C. F. Harrington, C.D., B.A., B.C.L.
M. R. Kimball, M.P.
C. S. R. Stroyan, W.S.
B. E. Sturgess, F.C.A.
K. A. White, C.D.

The Royal Trust Company of Canada (C.I.) Limited
St. Helier, Jersey
Channel Islands
Directors:
R. R. Jeune, Chairman
G. W. P. Camble
S. F. Fermor, F.C.A.
C. F. Harrington, C.D., B.A., B.C.L.
Sir Robert Marett, K.C.M.G., O.B.E.
Francis Perrée
B. E. Sturgess, F.C.A.
K. A. White, C.D.

The Royal Trust Company (Guernsey) Limited
St. Peter Port, Guernsey
Channel Islands
Directors:
G. W. P. Camble
C. F. Harrington, C.D., B.A., B.C.L.
M. C. Polman, F.I.A.
B. E. Sturgess, F.C.A.
K. A. White, C.D.

The Royal Trust Company (Ireland) Limited
Dublin, Ireland
Directors:
John H. Donovan, B.E.
J. B. Doyle, F.C.A.
C. F. Harrington, C.D., B.A., B.C.L.
Kevin Mulcahy
B. E. Sturgess, F.C.A.
A. W. Warnock, F.C.A.
K. A. White, C.D.

Offices and Managers

Head Office
Montreal
630 Dorchester Blvd. W.

Regional Offices

Atlantic Region
Halifax
1648 Hollis St.

Quebec Region
Montreal
630 Dorchester Blvd. W.

Ontario Region
Toronto
Royal Trust Tower
Toronto-Dominion Centre

Western Region
Edmonton
400 Royal Trust Tower
Edmonton Centre

Pacific Region
Vancouver
Royal Trust Tower
Bentall Centre
555 Burrard St.

Atlantic Region
Charlottetown
72 University Avenue
R. E. Anderson

Corner Brook, Nfld.
Millbrook Shopping Centre
M. D. Simmons

Fredericton
400 King St.
Bruce W. Anderson

Halifax
1648 Hollis St.
C. F. Ranson

Moncton
837 Main St.
D. G. McCartney

Saint John, N.B.
Brunswick House
One King St.
P. W. Carrodus

St. John's
Royal Trust Building
139 Water St.
J. R. Beasant

Quebec Region
Montreal
630 Dorchester Blvd. W.
Charles C. de Léry

6991 St. Hubert St.
Gérard Labrosse

280 Dorval Ave.
(Dorval)
Miss Francie Trueman

4145 Sherbrooke St. W.
(Westmount)
G. Prendergast

Quebec City
Royal Trust Building
1120 Chemin St. Louis
Jacques Dionne

1874 d'Estimauville
P. L. Desbiens
(Acting Manager)

Place Laurier (Ste. Foy)
Miss Rolande Bastien

Sherbrooke
Royal Trust Building
25 Wellington St. N.
G. Lemay

Trois-Rivières
Royal Trust Building
1300 Notre Dame St.
J. P. Rousseau

Ontario Region
Forest
161 - 165 King St.
J. A. Gray

Hamilton
Stelco Tower
Lloyd D. Jackson Square
H. H. Gratton

Kingston
74 Brock St.
H. H. Barber

Kitchener-Waterloo
105 King St. E.
J. G. Lebeuf

London, Ont.
146 Dundas St.
N. R. D. Dennys

Westmount Mall
785 Wonderland Rd.
J. Hutchinson

Niagara Falls
4481 Queen St.
T. G. Barclay

Oakville
239 Lakeshore Rd. East
K. M. MacRae

Ottawa
76 Metcalfe St.
G. F. Publicover

Petrolia
4186 Petrolia St.
R. G. Hodgson

St. Catharines
4 Queen St.
U. R. Van Sickle

St. Thomas
525 Talbot St.
D. N. Reid

Sarnia
197 N. Front St.
A. C. McKean

Sault Ste. Marie
350 Queen St. E.
G. S. Scollon

Strathroy
72 Frank St.
R. H. Blandford

Thunder Bay
202 Arthur St.
J. W. Corbishley

Toronto
Royal Trust Tower
R. S. Traquair

2247 Yonge St.
B. Lau

32 Humbertown Centre
Islington
M. E. Gervais

81 St. Clair Ave. East
P. Dennett

60 Bloor St. West
R. J. Ford

Windsor
527 Ouellette Ave.
W. D. Gordon

Woodstock
453 Dundas St.
W. B. Caunce

Western Region
Calgary
600 - 7th Ave S.W.
J. A. Burleton

Edmonton
400 Royal Trust Tower
Edmonton Centre
P. S. H. Brodie

10039 Jasper Ave.
R. Battley

Lethbridge
740 - Fourth Ave. South
R. S. Hannen

Regina
101 McCallum Hill Building
Eric J. Dorman, C.D.

Saskatoon
Midtown Plaza
W. G. Ransom

Winnipeg
287 Broadway
R. F. Cupit

Pacific Region
Kelowna
248 Bernard Ave.
F. A. Simpson, C.D.

Kerrisdale
2118 West, 41st Ave.
W. M. Pritchard

Vancouver
Royal Trust Tower
J. H. Matthews

West Vancouver
Hollyburn Plaza
A. A. Hoegg

Victoria
1205 Government St.
Alan G. Aldous

U.S.A.
Miami, Florida
Inter National
Bank of Miami
627 S.W. 27th Ave.
Richard A. Pallot
Chairman and President

Abroad

England
The Royal Trust Company of Canada
Royal Trust House
54 Jermyn St.
London, SW1Y 6NQ
B. E. Sturgess, F.C.A.
Managing Director

Guernsey, C.I.
The Royal Trust Company (Guernsey) Limited
St. Julian's Court
St. Peter Port

Jersey, C.I.
The Royal Trust Company of Canada (C.I.) Limited
Royal Trust House
Colomberie
St. Helier
G. W. P. Camble
Managing Director

Ireland
The Royal Trust Company (Ireland) Limited
53 Dawson St.
Dublin
J. B. Doyle, F.C.A.
Managing Director

Liechtenstein
The International Royal Trust Company A.G.
Am Schragen
Weg 2, Fl 9490
Vaduz

Bahamas
The Royal Trust Company
c/o Messrs. Carson, Lawson & Co.
309 Bay Street
Nassau

The Royal Trust Company (International) Limited
c/o Bahamas International Trust Company Limited
Bank Lane, Nassau

Associated Companies

Ottawa
Computel Systems Ltd.
1200 St. Laurent Blvd.

Toronto
Builders Financial Co. Limited
Royal Trust Tower

The Sovereign Mortgage Insurance Company
1300 Yonge St.

Vancouver
TohCan Ltd.
1630, One Bentall Centre

Bahamas
Bahamas International Trust Company Limited (Bitco)
Bank Lane
Nassau

Bermuda
International Trust Company of Bermuda Limited (Itcob)
Mercury House
Front Street
Hamilton

Cayman Islands
Cayman International Trust Company Limited (Citco)
P.O. Box 500
Georgetown
Grand Cayman

New Hebrides
South Seas International Trust Company Limited
P.O. Box 92, Vila
(formerly Burns Philp and International Trustee Company Limited)

Switzerland
Bankinvest
P.O. Box 419
Brandschenkestrasse
CH - 8039 Zurich

Representatives

Yarmouth & Yarmouth County, N.S.
Hubert T. Lonergan

Labrador City, Nfld.
Philip C. Walters

Arvida, Que.
Lac St-Jean Area
J. G. R. Lavoie

Sherbrooke, Que.
H. A. Simons

Hamilton, Ont.
E. R. Taylor

San Diego, California
F. R. Southee

London, England
H. S. Kronlachner
Co-ordinator
International Services, Europe

Real Estate Offices

(including those located at Branch or Savings offices)

Newfoundland
Corner Brook
St. John's

Nova Scotia
Bridgewater
Dartmouth
Halifax

Prince Edward Island
Charlottetown

New Brunswick
Fredericton
Moncton
Saint John

Quebec
Hull
Huntingdon
Knowlton
Montreal (18 offices)
Quebec City (3)
Sherbrooke
Trois-Rivières

Ontario
Brampton
Burlington
Etobicoke (2)
Guelph
Hamilton (3)
Kingston
Kitchener-Waterloo
London (3)
Mississauga
Niagara Falls
Oakville
Ottawa (4)
St. Catharines
St. Thomas
Scarborough
Toronto (5)
Weston
Windsor

Manitoba
Winnipeg (5)

Saskatchewan
Regina
Saskatoon

Alberta
Calgary (5)
Edmonton (5)
Lethbridge

British Columbia
Kelowna
Vancouver (7)
Victoria (2)

Staff and Offices

	Salaried Staff	Commissioned Real Estate Sales Staff	Total Staff	Offices
1965	1,868	176	2,044	39
1966	1,940	196	2,136	47
1967	2,004	211	2,215	49
1968	2,068	200	2,268	52
1969	2,332	233	2,565	57
1970	2,424	393	2,817	68
1971	2,531	583	3,114	76
1972	2,880	908	3,788	101
1973	3,139	1,257	4,396	113
1974	3,222	1,523	4,745	123

75 Years – A Thumbnail Sketch

Here is where it all began, at a single desk in the savings office of the Bank of Montreal, left, on Place d'Armes.

That first, single desk has become some 130 offices across Canada, in the U.S., the Caribbean and abroad. Head Office is CIL House, Montreal.

Royal Trust opened for business on November 24, 1899, with a borrowed desk and a staff of one, Albert E. Holt, in a corner of the Bank of Montreal's Savings Department on Place d'Armes, Montreal.

The Company had been incorporated in 1892 as "The Royal Trust & Fidelity Company" "for the purpose of executing trusts and administering estates, and as a safety deposit company and general financial agents." In 1895 the company name was changed to "The Royal Trust Company", and in 1899 it opened its doors.

While there was a staff of only one, the Board of Directors was a powerhouse – all the Bank's Board, a couple of its senior officers and several other leading businessmen of the day. The Montreal Gazette described the new enterprise the day it opened as "a strong company".

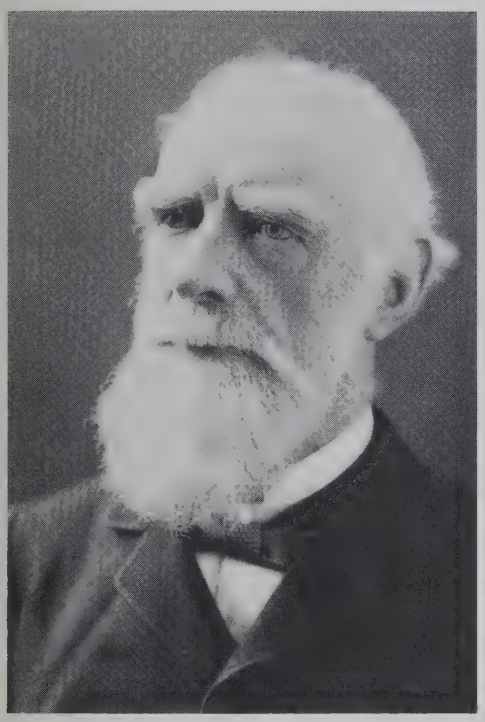
Royal Trust could not have been born at a better time. The whole world seemed to have suddenly discovered the vast and rich Canadian West, and settlers poured in by the thousands. In turn, grain and flour flowed out of Canada to the markets of the world, and the country enjoyed an era of unprecedented growth and prosperity. At the end of 1900 (the first full year in business), the Company had a massive $1.5 million of assets under its administration.

Lord Strathcona, president of the Bank of Montreal, became Royal Trust's first president. Only 14 years earlier, as Donald A. Smith, he brought the Canadian Pacific Railway to completion by driving in the historic "last spike" near the lonely Rocky Mountain Station of Craigellachie.

The bank's regular directors' meeting and that of Royal Trust were held on the same day of the month. When the bank's meeting was over, the president and directors simply "went through a hole in the wall" into the trust company's premises. There, they reassembled, this time around Royal Trust's table.

The bank did not own Royal Trust; in fact, in keeping with the legislation of the time, it did not own a single share. It was not until 1967, when Royal Trust's stock was listed, that the bank purchased on the open market 10% of Royal Trust stock, the maximum permitted under the Bank Act.

First President was Lord Strathcona.



Through their contacts and influence, the directors ensured that any worthwhile business, whether personal or corporate, was directed toward Royal Trust. These circumstances provided the solid foundation upon which the Company has continued to build over the past 75 years.

The directors were careful to ensure the continuing vitality of the Company by restricting ownership of shares to those whom they felt could or would actively contribute to its success. Shares could be bought and sold only through the Board, which also set the price. For decades the announcement concerning the new price of shares was usually the highlight of the Company's Annual Meeting. This practice was carried on until 1967 when the stock was listed on the Toronto and Montreal Stock Exchanges, and later, on the Vancouver Stock Exchange.

Business grew right from the start.

In 1901, the Company went both national and international with the establishment of agencies in Toronto and St. John's, Newfoundland. At that time Newfoundland was a crown colony of the United Kingdom and beyond Canada's borders.

The first full service branch was opened in Winnipeg in 1903 and by 1914 Royal Trust had branches in every principal city of Canada, as well as an agency in London, England. The expansion of business throughout Canada brought about a parallel expansion at the company's head office in Montreal resulting in the need for its own head office building. First it acquired a building next to the Bank of Montreal on Place d'Armes, then later, in 1913, erected a new one on the same site. Head Office remained there some 50 years until the move to C.I.L. House on Dorchester Boulevard West.

World War I, with a large number of the relatively small staff serving at home, or abroad, slowed the Company's growth but by 1920 assets under administration had reached the gigantic total of $258 million. In 1922 Royal Agencies was established as an insurance brokerage subsidiary and Bankers Trust Company was purchased. In 1929, as the Company continued to expand, its first truly international office was established in London, England with the expansion of the London agency to a full service branch.

The "great depression" of the 30's brought a halt to expansion, with economizing, even retrenchment, being the order of the day, the only exception being in matters of advertising and promotion of the Company's services. Nevertheless, the Company's prudent investment policies proved their value in the crisis and assets under administration continued to rise.

The difficulties of the depression years were followed by those of World War II when staff and facilities were devoted in large measure to pursuit of the war. Much of the Company's business those days arose from the war – safeguarding the personal assets of refugees from Europe and the bullion and other assets of allied nations.

After World War II, the Company's expansion greatly accelerated. In 1946 trust assets under administration exceeded $1 billion for the first time. Barclays Trust Company of Canada was acquired in 1956, followed by Okanagan Trust Company, Kelowna, B.C. in 1959. Also in 1959, The Royal Trust Realty Co., created in 1912 to administer the new Royal Trust Building, was reorganized as The Royal Trust Company Mortgage Corporation as a vehicle for further expansion of the Company's activities in the mortgage lending field. The acquisition of Trend Realties, Pointe Claire, Quebec, in 1961, was the beginning of Royal Trust expansion in the real estate field, with the Company now being Canada's largest real estate broker.

Broadening its international role, Royal Trust entered the Channel Islands in 1962, with incorporation of The Royal Trust Company of Canada (C.I.) Limited in St. Helier, Jersey. Operations in the Channel Islands were expanded some 10 years later with establishment of a sister subsidiary in Guernsey. The Company opened for business in Dublin, Ireland in 1966 as The Royal Trust Company (Ireland) Limited, and then, in 1973, moved into Liechtenstein, with establishment of a wholly-owned subsidiary, the International Royal Trust Company A.G.

As the company continued to grow, expansion in southwestern Ontario was facilitated with the acquisition of Ontario Loan and Debenture Company, London, in 1968 and Industrial Mortgage and Trust Company, Sarnia in 1969. This added

For Royal Trust's first 68 years, its stock was privately held and much sought after. To enable wider participation, it was listed in 1967.

Our first employee was A. E. Holt.

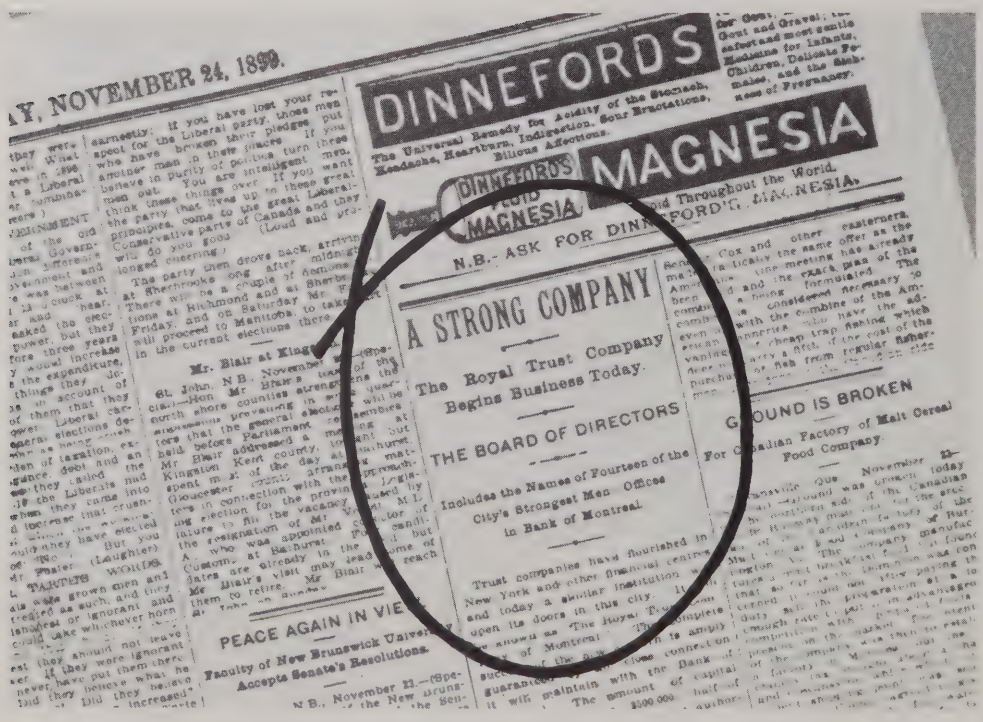
six more offices. The Company's 100th office in Canada was opened in 1973 at Westmount Mall in London, Ont.

In 1972 the Company's operations were extended to the U.S.A. through acquisition of Inter National Bank of Miami, Miami, Florida, and late in 1974, negotiations were underway for a second bank in Florida, the American Bank of Lakeland.

It concluded its first 75 years of expansion with acquisition of the controlling interest in Computel Systems Ltd., an Ottawa-based computer utility company which maintains one of Canada's largest and most advanced computer systems.

Today, Royal Trust, with some 130 offices across Canada, in the U.S.A. and Europe, provides a complete range of personal and corporate trust services. It handles an estimated 25 per cent of all trust business done in Canada and leads in the fields of estate administration, trusteed pension funds and mortgage lending and is Canada's largest broker involved in residential real estate. It is the largest trust company and eighth largest financial institution in Canada, and is fifth in the trust field in North America.

"A Strong Company" the Montreal Gazette *said, announcing Royal Trust's beginning.*



The original principal role of the Company was as an estate administrator. As an extension of its executor and trustee role, investment management services were developed, providing these services initially to individuals and estates and trusts and subsequently to corporations and institutions. While other services have been added, the traditional trust administration and investment advisor roles remain the basis of the Company's operations.

Royal Trust's predominant position in both the mortgage and the real estate sales fields has its origin in the Company's role as administrator of estates with real estate and mortgage investment holdings. Specific skills were required to handle these assets and as an expansion of this area of trust administration these services were extended to other than established trust clients.

In the mortgage field, the Company disbursed an average of $2.7 million every business day over the past year and mortgages under its administration, including those held for clients, exceed $3 billion on some 92,000 individual properties. Sources of funds for these mortgages include the money operations of the parent company and its mortgage subsidiary, The Royal Trust Company Mortgage Corporation, as well as U.S. and overseas subsidiaries. Additional funds are provided by pension trust clients, "M" Fund and BM-RT Realty Investments.

"M" Fund was established in 1968 as Canada's first mutual investment pool of first mortgages. Investor response was spectacular, with total assets climbing to $300,000,000 within the first few years. "M" Fund was so popular units had to be rationed, with beginning-of-the-month line-ups for the few units available not uncommon. "M" Fund is now the largest investment fund of any kind in Canada, with a portfolio of more than 15,000 first mortgages, almost entirely on individual dwellings.

In 1971 the Company expanded its mortgage operations through the formation of Builders Financial, owned jointly with Continental Illinois Corporation of Chi-

cago. A new type of vehicle for Canada, Builders Financial provides interim financing for major commercial projects. The following year, the Company took a related step in the mortgage field, joining with several other institutions in the formation of The Sovereign Mortgage Insurance Company which insures mortgage lenders against losses in the event of default of borrowers. In 1973 Royal Trust joined with the Bank of Montreal in establishing BM-RT, a real estate investment trust.

In the real estate sales field, in 1971, the Company, as agent, sold a house somewhere in Canada every 58 minutes; in 1972 every 44 minutes; in 1973 every 34 minutes and by 1974 it was every 27 minutes. In 1974 19,300 properties were sold for a total of $848 million, producing $42 million in gross revenue for the company. The Company's real estate sales operations are conducted from 93 offices across Canada, with a sales force of some 1,500 men and women.

As an adjunct to its trust operations, Royal Trust was in the financial intermediary field almost from its foundation. This activity was not pursued aggressively, however, until the mid 1950's, when a money market was established in Canada by the Bank of Canada. Since that time, the Company's financial intermediary operations have grown from about $25 million to $3 billion. Its money operations include the Guaranteed Account of the parent company, The Royal Trust Company Mortgage Corporation and Builders Financial, all in Canada, plus the deposit-taking and bank operations of the subsidiaries in the United Kingdom, Channel Islands and Ireland, and Inter National Bank of Miami.

Royal Trust's determination to bring new types of service even into old types of business is seen in its rapid advance into the management of pension fund assets. Until the 1950's pension funds, by and large, had been the exclusive preserve of the insurance companies, and generally for big companies with many employees. Royal Trust introduced a new concept. It was prepared to administer pension funds for small companies involving small numbers of people. This was made possible by creating pooled funds, "Classified Investment Funds for Pension Trusts". Small companies or associations could place their pension funds in these pools. For the large corporation, with many employees, the pension fund is individually managed. If a small company grows, its pension fund might be removed from the pool and managed individually also. Today Royal Trust manages pension and institutional accounts with a total value of $5 billion for about 1000 clients. It has become the leader in trusteed pension plans in Canada.

As an adjunct to establishment of pooled funds for pension clients, the Company decided that a similar arrangement might be useful for the individual whose investment portfolio might be too small to warrant individual management. Early in the 1960's, Royal Trust created three managed investment funds: A – for American securities; B – for bonds; C – for Canadian securities; later came M Fund – for mortgages. Today participants in these funds number 75,000, and the funds total $422 million.

Today that single borrowed desk at which we opened for business 75 years ago has become some 130 offices across Canada, in the United States, the Caribbean and Europe. That first, single employee, Mr. Holt, has become 4,800 men and women, and the number and variety of services Royal Trust offers the individual, the corporation, the institution, fills a full page in our annual report. The original handful of clients has become tens of thousands, personal and corporate. Those $1,500,000 of assets under administration at the end of our first full year have become nearly $14 billion – most of which is other people's money. It is a story of growth and a vote of confidence in which we take both satisfaction and pride.

Sports-minded in those first days, as today, members of an early Company hockey team wear the first RT crest.

The Royal Trust Group

Comprising The Royal Trust Company, principal subsidiaries and associated companies.

The Royal Trust Company

The Royal Trust Company commenced operations in Montreal in 1899. Today, through 118 branches and offices from coast to coast in Canada (including real estate sales offices), the Company provides a complete range of trust services to individuals, corporations and institutions, as well as deposit-taking and other financial services.

Principal Subsidiaries

The Royal Trust Company of Canada (100% owned)

Royal Trust commenced operations in London, England in 1929. Initially operating with trust facilities only, it was granted modified banking status in 1972.

The Royal Trust Company of Canada (C.I.) Ltd. (100% owned)

Located at St. Helier, Jersey, in the Channel Islands, it began operations in 1962 and provides complete trust and deposit-taking facilities, particularly in the management of non-resident trusts, as well as an international tax planning service.

The Royal Trust Company (Guernsey) Limited (100% owned)

In addition to Jersey, trust facilities are also provided in the Channel Islands from this subsidiary located in St. Peter Port, Guernsey.

The Royal Trust Company (Ireland) Limited (100% owned)

The Irish subsidiary was established in 1966 and conducts trust, investment management and deposit-taking operations in the Republic of Ireland.

Inter National Bank of Miami (100% owned)

Acquired through an exchange of shares in 1972, Inter National Bank is engaged in general banking in Miami, Florida. It also possesses full trust powers.

The International Royal Trust Company A.G. (100% owned)

This Liechtenstein company was formed in 1973 to meet a general demand for trust services in a tax haven where Royal Trust had not previously been represented. Its particular function is to act as investment manager and/or trustee for individuals, trusts and companies.

The Royal Trust Company Mortgage Corporation (99.99% owned)

The Mortgage Corporation is an integral part of Royal Trust's financial operations. It commenced its present business in 1959. Under existing laws governing trust companies in the various provinces of Canada, trust companies are not allowed to issue debt although they can accept trust funds on deposit in Guaranteed Account. On the other hand, loan companies are permitted to issue debt and so through this subsidiary the Royal Trust group has access to this important section of the Canadian financial market. Royal Trust Mortgage obtains funds through the issuance of debentures and short term notes and invests these funds principally in first mortgages on real estate in Canada.

Builders Financial Co. Limited (50.02% owned)

This company was incorporated in 1971 jointly by Royal Trust and Continental Illinois Corporation, the one-bank holding company for Continental Illinois National Bank and Trust Company of Chicago. Builders Financial and its wholly-owned subsidiaries, Builders Capital Limited and Western Builders Capital Limited are engaged in the business of interim financing of real estate throughout Canada. This consists primarily of construction loans to developers for major commercial projects such as apartment buildings, shopping centres, office buildings, hotels and large scale residential developments.

Computel Systems Ltd. (65% owned)

Computel Systems Ltd. from its computer base in Ottawa and through a coast to coast network of high speed teleprocessing terminals operates one of the largest and most advanced computer systems in Canada. It provides computing services to Royal Trust as well as to industrial, commercial, governmental and other clients across Canada and in the U.S.A.

Associated Companies

BM-RT Ltd. (50.1% owned)

BM-RT Ltd. is jointly owned with the Bank of Montreal. It functions as the "Adviser" to BM-RT Realty Investments, an open-end real estate investment trust (commonly referred to as a "REIT"). Royal Trust and the Bank of Montreal directly and through BM-RT Ltd. each own 17.5% of the outstanding units of the trust, with the balance being held by some 8,500 unit holders. The trust is authorized to invest in a wide range of real estate securities. The Adviser also issues debentures and short term notes in the market and lends the resulting funds exclusively to the Trust. There is an advisory contract between the Adviser and the Trust and the two sponsors have undertaken to provide mortgages suitable as investments for the Trust and to maintain the portfolio fully invested.

Bahamas International Trust Company Limited (BITCO) (16% owned)

Established in 1957, it provides general trust services under the laws of the Bahamas. Royal Trust's partners in this company are Barclays Bank International Ltd. (London); Hambros Bank Ltd. (London); Robert Fleming & Co. Ltd. (London); Anglo American Corporation of South Africa, Ltd.; The Chartered Bank (London); N. M. Rothschild & Sons (London); and The Bank of New York.

Cayman International Trust Company Limited (CITCO) (16% owned)

Established in 1967 by the same shareholders as Bahamas International Trust Company Limited, Cayman International conducts general trust operations in the Cayman Islands.

International Trust Company of Bermuda Limited (ITCOB) (10% owned)

This company commenced general trust operations in Bermuda in 1970. The other sponsors are Bermuda Provident Bank Limited, Barclays Bank International Ltd. and Hambros Bank Ltd.

South Seas International Trust Company Limited (25.61% owned) — formerly Burns Philp and International Trustee Company Limited

This Trust company is empowered to conduct general trust operations from and within the New Hebrides, a condominium in the South-West Pacific administered by Great Britain and France. The other sponsors are: Burns Philp Trustee Company Limited (Sydney); The National Bank of Australasia Limited (Melbourne); Banque de l'Indochine; Lloyds & Bolsa International Bank; The Bank of Tokyo Limited; The Bank of Butterfield Executor and Trustee Company Limited (Bermuda); The Mitsui Bank Limited; The Chartered Bank Hong Kong Trustee; Lancaster Investments Limited.

Bankinvest (10% owned)

Established in its present form in Zurich, Switzerland, in 1970, Bankinvest conducts an international banking operation in all major currencies. Other principal shareholders are: The Boeing Company (Seattle, Wash.); C. T. Bowring and Co. Ltd. (London); the Halliburton Group (through Brown & Root Overseas Ltd., London); Federated Capital Corporation (Capital National Bank, Houston); Cooper Industries, Inc. (through Cooper-Bessemer of Canada Ltd.); The Seagram Company Ltd. (through Joseph E. Seagram & Sons, Inc., New York); Coca Cola Company (through Minute Maid S.A., Zurich); Van der Hoop, Offers & Zoon.

The Sovereign Mortgage Insurance Company (20% owned)

Incorporated in 1972, Sovereign commenced operations in 1973. The prime purpose of this company is to insure mortgage lenders against losses in the event of default by borrowers. The other shareholders are IAC Limited, Toronto; Continental Illinois Corporation, Chicago and Canada Permanent Mortgage Corporation, Toronto.

TohCan Limited (20% owned)

TohCan commenced operations in 1974 from Vancouver. It provides term financing to Canadian companies including joint Canadian-Japanese ventures. Associated with Royal Trust as shareholders are: The Bank of Tokyo; The Toronto-Dominion Bank; The Bank of British Columbia; A.E. Ames and Co. Limited.

Services Royal Trust provides . . .

for the individual

Estate Planning

Executor and trustee under wills

Administrator or agent for the heirs in estates where there is no will

Agent or attorney for executors

Agent for the management of estates

Trustee under deeds of trust

Committee or curator to property

Manager of investments

Agent for the investment of money and collection of dividends, interest, rent, and the principal of mortgages, bonds and stocks

Investment Funds (A, B, C and M)

Real estate broker; sales, leasing, property management, appraisals, employee relocation services

Mortgage loans

Mortgage insurance

Mortgage life insurance

Custodian of securities

Depositary for medium and short term money against Guaranteed Investment Receipts

Guaranteed Monthly Income Receipts

Savings Accounts

Chequing Accounts

Preparation of income tax returns

Registered retirement savings plans, including,
Guaranteed Savings Account Retirement Savings Plan

Standing-by attorney

Income-Averaging Annuity Contracts

for corporations, firms and other organizations

Transfer agent and registrar for shares

Paying agent for dividends and bond interest

Subscription and rights agent

Depositary and escrow agent

Trustee for bondholders and registrar for bonds

Depositary for medium and short term money against Guaranteed Investment Receipts

Trustee and custodian for pension and other employee benefit plans

Trustee for buy-sell agreements under business insurance trusts

Management and custodianship of securities

Custodian and trustee for non-resident insurance companies

Agent for real estate, mortgages and lease back agreements

Interim and long term mortgage financing

Property management

Management of endowment funds, collection of pledges, etc., for charitable, religious, educational and similar bodies

Deferred Profit Sharing Plans

Computer Processing and Programming Services

General financial agent and all related services

Printed in Canada